

## Press Release

Mülheim/Ruhr, August 9, 2017

### **Brenntag posts further growth in the second quarter of 2017 supported by a strong performance in North America**

- **Gross profit\* rose to 641.3 million EUR (+6.2% as reported)**
- **Operating EBITDA\*\* up by 1.9% on the previous year to 219.8 million EUR (as reported)**
- **Very encouraging performance in North America**
- **Profit after tax came to 106.8 million EUR and earnings per share rose to 0.69 EUR**
- **For 2017 as a whole, Brenntag forecasts growth in operating gross profit\* and operating EBITDA\*\*. Group operating EBITDA is expected, before one-time effects, to be between 820 and 850 million EUR.**

Brenntag (WKN A1DAHH), the global market leader in chemical distribution, posted further growth in the second quarter of 2017. This was driven especially by the very encouraging performance in the North America region, where it achieved a clear increase in the results in an improved economic environment. In the regions Europe, Middle East and Africa (EMEA) and Asia Pacific, Brenntag posted slightly slower business performances in the second quarter of 2017. For financial year 2017, the Brenntag Group continues to forecast growth in its key performance indicators operating gross profit\* and operating EBITDA\*\* (before one-time effects).

Brenntag generated **sales** of 3,001.4 million EUR in the second quarter of 2017, an increase of 12.7% on the prior-year period (+11.5% on a constant currency basis). The Group's key performance indicator **gross profit** also climbed, rising by 6.2% year on year (5.2% on a constant currency basis) to reach 641.3 million EUR. **Operating EBITDA** was up by 1.9% on the prior-year period (+0.8% on a constant currency basis) to 219.8 million EUR.

**Profit after tax** was up on the prior-year figure of 102.1 million EUR to 106.8 million EUR in the second quarter of 2017. This translates into earnings per share attributable to Brenntag shareholders of 0.69 EUR (+4.5%).

At 122.5 million EUR in the second quarter of 2017, free cash flow was down on the prior-year period (164.7 million EUR), due mainly to the increase in chemical prices and the resulting rise in working capital.

Steven Holland, Chief Executive Officer of Brenntag AG, said, "Brenntag continued to grow in the second quarter of 2017. The very encouraging business and earnings performance from Brenntag North America is particularly worthy of note and was supported by both the existing business and the acquisitions. The Asia Pacific region showed a successful, albeit slightly slower business performance compared with the previous year, while in the EMEA region we saw a somewhat weaker quarter. As expected, our results in Latin America continue to be adversely affected by the somewhat difficult macroeconomic environment."

#### **EMEA posts slightly weaker quarter**

The EMEA region posted operating gross profit of 280.0 million EUR in the second quarter of 2017, an increase of 0.4% on the prior-year quarter (+1.2% on a constant currency basis). Operating EBITDA was down by 6.6% (-5.9% on a constant currency basis) to 93.9 million EUR. Following recent good results in the EMEA region, these results for the second quarter are below expectations. This is partly due to clear falls in demand in some lines of business in Scandinavia.

Over recent years of weaker macroeconomic demand, Brenntag EMEA has launched a range of initiatives aimed to manage the business and capture growth with a more European focus. These measures have already yielded results. Nevertheless, Brenntag sees further opportunities to increase supply chain efficiency and expects to generate annual savings of 8 million EUR as of the beginning of 2018. The special costs associated with implementing the programme will amount to approximately 25 million EUR and arise in the second half of this year.

### **North America achieves clear earnings growth**

In a generally improved economic environment, Brenntag delivered an excellent earnings performance in the North America region in the second quarter of 2017. Driven primarily by a clear increase in the results achieved by the core business, operating gross profit was up by 13.8% on the prior-year figure (+11.2% on a constant currency basis) to 280.2 million EUR. Operating EBITDA increased by 14.4% (+11.6% on a constant currency basis) to 106.6 million EUR. The included acquisitions performed very well and made a positive contribution.

### **Business in Latin America continues to be adversely impacted by external environment**

Against a background of sustained contraction in industrial production throughout the region and still-difficult economic conditions in some countries, Brenntag achieved operating gross profit of 44.1 million EUR in Latin America in the second quarter of 2017. This is an increase of 2.8% compared with the prior-year quarter (-1.7% on a constant currency basis) and an improvement on the first quarter of 2017. Operating EBITDA was down by 14.9% year on year (-18.2% on a constant currency basis) to 9.7 million EUR. The economic situation in Brazil stabilized in the reporting period.

### **Mixed picture in the Asia Pacific region**

The companies in the Asia Pacific region generated operating gross profit of 48.9 million EUR in the second quarter of 2017, an increase of 7.2% year on year (6.0% on a constant currency basis). Operating EBITDA reached 16.8 million EUR and was therefore 2.9% down on the high prior-year result (-4.0% on a constant currency basis). While business performance in many countries was impressive, other countries such as Indonesia saw clear falls in demand, which depressed earnings overall.

### **Brenntag continues to expect growth for 2017 as a whole**

In light of the results in the first half of the year and macroeconomic developments in the regions, Brenntag continues to expect growth in its key

performance indicators operating gross profit and operating EBITDA for 2017 as a whole. Group operating EBITDA is forecast to be in the 820 to 850 million EUR range (before one-time effects from the European efficiency improvement program in the amount of 25 million EUR and assuming unchanged exchange rates until the end of the year).

<b>Consolidated Income Statement</b>		<b>Q2 2017</b>	Q2 2016	$\Delta$ as reported	$\Delta$ adjusted for exchange rate effects
Sales	in EUR m	3,001.4	2,664.0	12.7%	11.5%
Gross profit*	in EUR m	641.3	603.6	6.2%	5.2%
Operating EBITDA**	in EUR m	219.8	215.8	1.9%	0.8%
Operating EBITDA** / Gross profit*	%	34.3	35.8		
Profit before tax	in EUR m	155.8	156.0	-0.1%	-
Profit after tax	in EUR m	106.8	102.1	4.6%	-
<i>Attributable to Brenntag shareholders</i>		106.7	101.5	5.1%	-
Earnings per share	EUR	0.69	0.66	4.5%	-

<b>Consolidated Balance Sheet</b>		<b>June 30, 2017</b>	Dec. 31, 2016
Total assets	in EUR m	7,210.3	7,287.0
Equity	in EUR m	2,900.8	2,959.2
Working capital	in EUR m	1,521.1	1,354.6
Net financial liabilities	in EUR m	1,719.3	1,681.9

<b>Consolidated Cash Flow</b>		<b>Q2 2017</b>	Q2 2016
Cash provided by operating activities	in EUR m	48.1	115.0
Investments in non-current assets (Capex)	in EUR m	-27.3	-26.5
Free cash flow	in EUR m	122.5	164.7

<b>EMEA</b>		<b>Q2 2017</b>	Q2 2016	$\Delta$ as reported	$\Delta$ adjusted for exchange rate effects
Sales	in EUR m	1,295.9	1,206.3	7.4%	7.9%
Operating gross profit*	in EUR m	280.0	278.8	0.4%	1.2%
Operating EBITDA**	in EUR m	93.9	100.5	-6.6%	-5.9%

<b>North America</b>		<b>Q2 2017</b>	Q2 2016	$\Delta$ as reported	$\Delta$ adjusted for exchange rate effects
Sales	in EUR m	1,127.9	953.1	20.6%	18.0%
Operating gross profit*	in EUR m	280.2	246.3	13.8%	11.2%
Operating EBITDA**	in EUR m	106.6	93.2	14.4%	11.6%

<b>Latin America</b>		<b>Q2 2017</b>	Q2 2016	$\Delta$ as reported	$\Delta$ adjusted for exchange rate effects
Sales	in EUR m	204.3	193.5	5.6%	0.8%
Operating gross profit*	in EUR m	44.1	42.9	2.8%	-1.7%
Operating EBITDA**	in EUR m	9.7	11.4	-14.9%	-18.2%

<b>Asia Pacific</b>		<b>Q2 2017</b>	Q2 2016	$\Delta$ as reported	$\Delta$ adjusted for exchange rate effects
Sales	in EUR m	284.4	247.8	14.8%	13.3%
Operating gross profit*	in EUR m	48.9	45.6	7.2%	6.0%
Operating EBITDA**	in EUR m	16.8	17.3	-2.9%	-4.0%

\*While Brenntag reports operating gross profit on segment level, the company reports gross profit on Group level. Operating gross profit is defined as sales less costs of material for goods purchased and supplies, services purchased, packaging materials, supplier rebates and increase/decrease in finished goods. Gross profit is defined as operating gross profit less production/mixing and blending costs.

\*\*The key earnings metric used at Brenntag for segment management is operating EBITDA. Operating EBITDA is the operating profit as reported in the consolidated income statement plus amortization of intangible assets and depreciation of property, plant and equipment. At Group level, operating EBITDA corresponds to EBITDA. Segment operating EBITDA is calculated as segment EBITDA adjusted for holding charges. These are certain costs charged between holding companies and operating companies. At Group level, they net to zero.

**About Brenntag:**

Brenntag, the global market leader in chemical distribution, covers all major markets with its extensive product and service portfolio. Headquartered in Mülheim an der Ruhr, Germany, the company operates a global network with more than 550 locations in 74 countries. In 2016, the company, which has a global workforce of around 15,000 employees, generated sales of EUR 10.5 billion (USD 11.6 billion). Brenntag connects chemical manufacturers and chemical users. The company supports its customers and suppliers with tailor-made distribution solutions for industrial and specialty chemicals. With over 10,000 products and a world-class supplier base, Brenntag offers one-stop-shop solutions to around 185,000 customers. This includes specific application technology, an extensive technical support and value-added services such as just-in-time delivery, product mixing, formulation, repackaging, inventory management and drum return handling. Long-standing experience and local excellence in the individual countries characterize the global market leader for chemical distribution.

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